



# Bond Cap Allocation Program

*Providing financing options for projects that significantly benefit the people of Washington*

## Purpose

The Bond Cap Allocation Program (BCAP) enables access to tax-exempt financing resulting in less expensive financing and access to tax credits for low- and moderate- income housing projects, access to mortgage assistance for first-time home buyers, less expensive loans for Washington students, and job retention and creation through industrial development and infrastructure.

The purpose of the BCAP is to provide opportunities for lower-cost financing by authorizing the issuance of tax-exempt private activity bonds for projects or programs that contain a substantial amount of private activity (and thus generally do not qualify for tax-exempt status) yet provide significant benefits to the public. The program provides the legally required review and approval to ensure that the state complies with federal tax laws on the issuance of tax-exempt private activity bonds. It also monitors that the state does not exceed its ceiling on the amount of tax-exempt bonds issued each year.

Allocations are made across the following five categories of bond use:

- ◆ Small Issue Manufacturing
- ◆ Public Utility Districts (PUD)
- ◆ Housing (both multifamily and single family)
- ◆ Exempt (Capital) Facilities
- ◆ Student Loans

The Bond Cap Advisory Group, created in 1992, fulfills a program advisory role.

## Results and Achievements

Since 1987, BCAP has:

- ◆ Approved more than \$5.2 billion in tax-exempt bond authority

From January through December 2003, BCAP:

- ◆ Allocated more than \$135.3 million to low- and moderate-income housing projects, in which an estimated 2,242 affordable housing units were supported
- ◆ Allocated more than \$16.8 million to small issue manufacturing projects, creating or retaining an estimated 474 jobs

## Fast Facts

- ◆ To qualify, a project must fall within an eligible category established by the U.S. Congress and demonstrate significant public benefit
- ◆ Direct clients are Bond Issuing Authorities issuing bonds for projects involving more than 10% in private participation
- ◆ In 2004, Washington state's Bond Cap was \$80 per capita, or more than \$490 million

## For More Information

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## Statutory Authority

*Federal Legislation:  
Tax Reform Act of 1986*

*RCW 39.98, 43.180  
State legislation on private  
activity bond allocation*

*WAC 365-135  
code pertaining to bond cap  
allocation*

## Services

Assist local governments in providing tax-exempt bond financing for environmental protection, low- and moderate-income housing, student loans, industrial development and job creation, energy production and the provision of water and solid waste disposal.

Review and approve requests for allocations of the State's bond cap - authorizing recipients to issue tax-exempt private activity bonds - with the aim of ensuring:

- ◆ State complies with federal tax laws
- ◆ Balanced distribution of the cap across the categories of bond use
- ◆ Optimum public benefit
- ◆ Project readiness

## Performance Measures

- ◆ Percentage of annual bond cap allocated - Objective is to allocate 100% of the available cap each year
- ◆ Number of days between the receipt of a "complete" allocation request and notification of CTED's decision (including the provision of a Certificate of Approval) - Objective is to stay within the legislated time limit, with is February 1st (for applications submitted before January 18), or within 15 days of submission (for projects submitted after that)